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Hong Kong Court Nullifies Acquittal Won by Amos Dawe

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HONG KONG—The saga of international financier Amos Dawe took another twist Wednesday when the Hong Kong appeal court nullified his acquittal last year on charges relating to an alleged multimillion-dollar stock fraud.

The action means the appeal court will hold another hearing shortly to determine whether Mr. Dawe will face a new trial on the fraud charges or be convicted and sentenced.

Mr. Dawe was acquitted in November 1981 of four counts of fraud. The Singapore-born businessman was alleged to have defrauded shareholders and creditors of a now-defunct Hong Kong publicly traded company, Mosbert Holdings Ltd., which he had controlled. Mr. Dawe was accused of falsely stating that in 1974 he injected the current equivalent of \$13.8 million in additional capital into Mosbert Holdings in return for 91.9 million new shares. It was alleged that the financier never paid for the shares. In addition, he was accused of having falsified the accounts of Mosbert Holdings.

The presiding judge at the trial, Gordon Cruden, concluded that "I am at least left in reasonable doubt" that Mr. Dawe wasn't guilty of the charges.

Hong Kong's attorney general appealed the acquittal last January. According to legal sources, the colony's laws allow an appeal of a not-guilty verdict. In nullifying Mr. Dawe's acquittal on Wednesday, appeal court Judge Alan Huggins said that the lower court judge had been "blinded by fallacy" and was mistaken in his verdict.

Mr. Dawe was rearrested in January because of the attorney general's appeal. He since has been free on \$7,500 bail. Mr. Dawe, however, failed to appear for Wednesday's appeal court hearing, prompting the court to issue another warrant for his arrest. His lawyers said he was in Bangkok and couldn't return for the hearing because of visa problems. The appeal court decided to hold the arrest warrant for four days to allow Mr. Dawe time to return to Hong Kong.

Mr. Dawe was extradited to Hong Kong from San Francisco in May 1981 following a legal fight that lasted more than two years. Mr. Dawe told a San Francisco court that Mosbert Holdings was a front company for the Soviet security agency KGB to launder funds used to bribe public officials in Southeast Asia. He said that the KGB was behind the extradition moves and that he feared Soviet agents would try to kill him because of his knowledge of their operations.

Judge Cruden said that at the time of the Mosbert group's collapse in 1976 the company owed a London-based Soviet bank "in excess of \$47 million."

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